

The complaint

Ms M complains about the car she acquired from Motability Operations Limited ("Motability") not being of satisfactory quality.

What happened

A new car was supplied to Ms M under a hire purchase agreement with Motability which was electronically signed for in August 2023 (agreement one), this was terminated in April 2024.

In April 2024 Ms M entered into another agreement (agreement two).

In October 2023 Ms M contacted Motability, amongst other things she was unhappy because the vehicle had been supplied with a more inferior specification than she expected. Motability said it didn't communicate specification changes or support with issues with the manufacturing app. It said this was not its responsibility.

It also offered early termination of the agreement and agreed to waive the £250 termination charge and said the advance payment of £199 could be put towards another vehicle if Ms M wished to. In recognition of the impact this had on Ms M, Motability also offered £350 as a gesture of goodwill which was accepted.

In October 2023 Ms M raised further concerns about the quarterly price changes for advance payments. It said the advance payment of a vehicle is confirmed at the time of application. Its price guarantee means there will be no impact to the agreed advance payment should this change after a consumer takes delivery of a car. For this reason, it didn't uphold the complaint and declined Ms M's request for a reduction in her advance payment.

Unhappy with Motability's response Ms M referred her complaint to the service. She said she felt pressured into accepting the offer of compensation, and thought the advance payment of £199 should've been directly refunded to her. She remained unhappy that Motability couldn't confirm when the specification had changed and didn't think it was right that she wasn't informed about it. Ms M also said Motability's offer to waive the £250 early termination fee was of no benefit to her because had it not been for Motability's error, she would never have been liable to pay this.

Our Investigator asked Motability for further information which prompted it to issue a third final response letter in October 2024. In short it addressed some of Ms M's outstanding concerns but overall, the complaint wasn't upheld.

Our Investigator looked into things, he acknowledged that things hadn't quite gone how Ms M would've expected and thought Motability had made some errors. But he concluded, having reviewed everything that had happened, and the steps Motability had taken to put things right, that it was fair and reasonable. In his opinion it had put Ms M back in the position she would've been in had Motability not made any errors.

As an agreement couldn't be reached the complaint has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It's clear Ms M has strong feelings about this complaint. She has provided detailed submissions in support of her opinion which I can confirm I've read and considered. However, I trust that Ms M will not take the fact that my findings focus on what I consider to be the central issue as a discourtesy. The purpose of my decision isn't to address every point raised but to set out my conclusions and reasons for reaching them.

This reflects the nature of our service as an informal alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it, I haven't, I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider good industry practice at the time. Ms M was supplied with a car under a hire purchase agreement, this is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Ms M entered. Because Motability supplied the car under a financial agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes the general state and condition, and other things such as its fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Ms M's case the car was acquired new, so I think it's fair to say that a reasonable person would expect the level of quality to be higher than a used or more road worn car. And that it would be free from defects for a considerable amount of time. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

So, if I thought the car was faulty when Ms M took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Motability to put things right.

Having carefully considered matters I'm satisfied both parties are in agreement that the car supplied to Ms M wasn't of satisfactory quality. So, all I need to decide here is whether what Motability has agreed to do to put things right for Ms M is fair and reasonable in all the circumstances of her complaint.

Having considered the available evidence, I'm in agreement with our Investigator that Motability has done enough to put things right. I'll explain why.

I have given careful consideration to the change in trim on the vehicle Ms M acquired under agreement one. While I fully acknowledge the disappointment and frustration this has caused, I don't consider Motability to be responsible for this matter. The manufacturer is a

separate entity from Motability and as such Motability was not involved in the vehicles production. Therefore, I cannot attribute fault to it in this instance.

Ms M has consistently sought further clarification regarding the change in trim, including when the change occurred and why she was not informed. Based on the information Motability has provided it appears unlikely that this information will become available to her. Regrettably I am also unable to confirm when the change took place or why Ms M was not notified. Whilst I recognise this issue has caused Ms M considerable distress, Motability has conducted a thorough investigation, as outlined in its several responses to the complaint. Its offer of £350 in compensation acknowledges the failure to notify Ms M in advance and in my view, it doesn't need to do anything further on this point to put things right.

Motability also offered Ms M the opportunity to terminate agreement one early and waived the standard £250 early termination fee. While I note Ms M's observation that she would not have been liable for the fee regardless, given that the vehicle delivered did not match her original order, I nonetheless consider this gesture to be fair and reasonable under the circumstances.

I don't think it's fair or reasonable that I ask Motability to refund the £199 advance payment Ms M paid. I acknowledge Ms M wouldn't have been required to return the vehicle had it been delivered with the correct trim as originally ordered, but as the £199 advance payment was applied towards the advance payment for a vehicle under a third agreement, the amount has in effect already been returned to Ms M. Therefore, I cannot reasonably conclude that Motability should refund this amount again. To do so – by allowing it to be carried over to the new agreement and then refunded – would effectively result in a double payment to Ms M.

It is apparent Ms M has received conflicting information from both the dealer and Motability regarding the allocation of advance payments. However based on the evidence Motability has provided and in line with my own understanding of how advance payments are processed, I am satisfied that Ms M has now been provided with accurate and consistent information.

Ms M also requested reimbursement of the £200 associated with the black bonnet under agreement one. Based on the information available to me this charge was waived by the dealer, and therefore Ms M did not incur this cost. While I understand her concern that she didn't benefit from the bonnet due to the vehicle being returned early – and that Motability may gain from its resale value – it remains that Ms M did not pay for the feature and so I don't consider this to represent a financial loss to her.

I have also considered whether Motability should refund the additional contribution Ms M paid towards agreement two. Whilst I understand Ms M's reasoning – that she would not have incurred this cost had she not needed to cancel agreement one – I don't agree that Motability is obligated to reimburse it. Motability is not required to cover additional costs associated with a replacement vehicle.

In accordance with the CRA if the consumer receives a vehicle that is of unsatisfactory quality or not as described the responsibility lies with Motability to rectify the issue either through repair or by accepting rejection. In this instance rejection of the vehicle has been accepted and Motability has taken appropriate steps to return Ms M to the position she would have been in had agreement one not been entered into.

I consider that Motability's response to Ms M's complaint and issues with the car has been fair and reasonable in the circumstances. I wouldn't find it fair or reasonable for me to require it to pay further compensation or to take any other action in response to the

complaint.

My final decision

My decision is that I don't uphold Ms M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 29 July 2025.

Rajvinder Phaiser
Ombudsman